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**UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

vs.

GEXCRYPTO CORP. (a/k/a  
GexCrypto Global Trading Corp.) and  
EMILIANO S. RYN,

Defendants.

Case No.

**COMPLAINT**

Plaintiff Securities and Exchange Commission (“SEC” or the “Commission”),  
alleges as follows:

**SUMMARY**

1. Between October 2017 and July 2018, Emiliano “Emil” Ryn (“Ryn”) defrauded 26 investors out of more than \$800,000 in an investment scheme primarily targeted at elderly and technologically unsophisticated individuals in the expatriate Filipino community in California. Ryn presented himself as a successful Filipino entrepreneur in the cryptocurrency space, wearing a Rolex watch and driving a Maserati. He positioned himself as someone who would purportedly help members

1 of his community also become rich through GexCrypto Corp. (a/k/a GexCrypto  
2 Global Trading Corp.) (“GexCrypto”), a purported first-of-its kind crypto asset  
3 trading platform, and via a purported separate crypto asset mining operation  
4 established by Ryn. Deceived by Ryn and his fraudulent promises of guaranteed  
5 investment returns, investors turned over their life savings in cash to Ryn, with some  
6 even taking out home equity loans to invest with him.  
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9       2. The first part of Ryn’s scheme involved the formation of GexCrypto,  
10 purportedly to launch a crypto asset trading platform. Ryn falsely represented to  
11 investors the superiority of the GexCrypto trading platform’s technology and its one-  
12 of-a-kind customer service. He did this through, among other ways, a professionally-  
13 produced video available on GexCrypto’s website and other statements on  
14 GexCrypto’s website.  
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17       3. In reality, GexCrypto was never operational and the descriptions of  
18 GexCrypto provided to investors were nothing more than Ryn’s aspirations.  
19

20       4. To raise money purportedly to support and develop further GexCrypto’s  
21 trading platform, Ryn, through GexCrypto, conducted an initial coin offering (“ICO”)  
22 of GexCoins. The ICO was advertised publicly on GexCrypto’s website and social  
23 media. The ICO was also promoted directly by Ryn to individual investors. Ryn and  
24 GexCrypto made the same material misrepresentations about GexCrypto’s existing  
25 operations in marketing and advertising the ICO and guaranteed outsized returns to  
26 investors despite the non-existent trading platform.  
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1           5.     At the same time Ryn recruited investors for GexCrypto, he offered  
2 many of those same individuals the opportunity to invest in a purported crypto asset  
3 mining business in which Ryn would pool investor funds to purchase mining  
4 equipment and pay investors returns based upon the amount of crypto assets mined  
5 (“the Mining Operation”). Several of Ryn’s investors invested in GexCrypto,  
6 GexCoin, and the Mining Operation. Ryn promised mining investors guaranteed  
7 outsized returns and repeatedly lied to investors about the mining business’s  
8 operations.  
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10  
11           6.     None of Ryn’s false promises materialized. No investment returns were  
12 ever paid, and investors lost their entire investments.  
13

14           7.     As investors began to press Ryn about their promised returns and the  
15 businesses’ operations, Ryn engaged in additional fraudulent lulling conduct by  
16 making additional misstatements to investors. Among other things, Ryn: (1) created  
17 and distributed a second worthless digital token to investors, which he falsely passed  
18 off as a GexCoin; (2) falsely told investors he was in the Philippines to register  
19 GexCrypto with the Philippine regulators; and (3) provided two investors with a  
20 fraudulent bank statement purportedly showing that payment of their promised  
21 distributions was imminent. Ultimately, Ryn halted all communications with  
22 investors.  
23

24           8.     The investments Ryn offered and sold to investors in GexCrypto,  
25 GexCoins, and the Mining Operation were securities.  
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1           9.     Ryn did not register any of his offers or sales of GexCrypto or GexCoins  
2 with the Commission, no registration statement was in effect as to any offer or sale of  
3 GexCrypto or GexCoin, and no exemption from registration applied.  
4

5           10.    As a result of the conduct alleged in this Complaint, Defendants violated  
6 Section 5 of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77e; Section  
7 17(a) of the Securities Act, 15 U.S.C. § 77q(a); and Section 10(b) and Rule 10b-5 of  
8 the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b), 17 C.F.R.  
9 § 240.10b-5.  
10

11           11.    The Commission respectfully requests the Court enter an order: (i)  
12 permanently restraining and enjoining Defendants from violating the federal  
13 securities laws, and permanently restraining and enjoining Ryn from engaging in  
14 certain further conduct; (ii) prohibiting Ryn from acting as an officer or director of  
15 any issuer that has a class of securities registered pursuant to Section 12 of the  
16 Exchange Act or that is required to file reports pursuant to Section 15(d) of the  
17 Exchange Act; (iii) directing Defendants to pay on a joint and several basis  
18 disgorgement and prejudgment interest thereon; and (iv) directing Defendants to  
19 jointly and severally pay a civil money penalty.  
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#### 24                           **JURISDICTION AND VENUE**

25           12.    The Court has jurisdiction over this action pursuant to Sections 20(b),  
26 20(d)(1) and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d)(1) and 77v(a),  
27 and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the Exchange Act, 15 U.S.C.  
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1 §§ 78(u)(d)(1), 78u(d)(3)(A), 78u(e), and 78aa(a). Defendants have, directly or  
2 indirectly, made use of the means or instrumentalities of interstate commerce, of the  
3 mails, or of the facilities of a national securities exchange in connection with the  
4 transactions, acts, practices and courses of business alleged in this Complaint.  
5

6 13. Venue is proper in this district pursuant to Section 22(a) of the Securities  
7 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a),  
8 because certain of the transactions, acts, practices and courses of conduct constituting  
9 violations of the federal securities laws occurred within this district. In addition,  
10 venue is proper in this district because Defendants GexCrypto and Ryn operated or  
11 resided in this district during the conduct.  
12  
13

#### 14 **DEFENDANTS**

15 14. GexCrypto Corp. (a/k/a GexCrypto Global Trading Corp.)  
16 (“GexCrypto”) is an entity, founded in 2017 and controlled by Ryn, which did  
17 business in Orange County, California, and purported to be “a comprehensive  
18 Cryptocurrency trading platform backed by the world’s first fully incorporated  
19 concierge service.” GexCrypto Global Trading Corp. was registered in Nevis from  
20 September 28, 2017 through February 4, 2020, but is not currently registered in any  
21 jurisdiction. GexCrypto does not appear ever to have held any bank accounts,  
22 property, or assets in its own name. GexCrypto has never been registered with the  
23 Commission in any capacity nor ever had a class of securities registered with the  
24 Commission.  
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- i. “a comprehensive Cryptocurrency trading platform backed by the world’s first fully incorporated concierge service”;
- ii. “the most advanced Cryptocurrency trading platform powered by the most trusted, reliable and experienced technical team.”; and
- iii. “hav[ing] an un-matched understanding of the Cryptocurrency market as well as the global distribution of Cryptocurrency.”

21. In describing what set GexCrypto apart from other currency trading platforms, the website stated that:

- i. “We have diligently studied emerging international regulations and changing economic scenes which affect the various aspects of Cryptocurrency in the marketplace.”
- ii. “The Cryptocurrency world is undergoing continuous change. There are countless important developments happening in numerous countries regarding regulating, controlling and structuring the cryptocurrency market. Here at GexC we guarantee that we will continuously stay in front of all global developments related to the Cryptocurrency market.”

22. The website also distinguished GexCrypto from other currency trading platforms based upon GexCrypto’s “superior market analysis tools to ensure our users’ success” and “[s]uperior [r]esources and [p]ractices to [d]eliver [s]uperior [t]echnology and [s]ervice.”

23. According to the website, GexCrypto’s “superior resources” included “multi-language technical support” and a “technical team.”

24. The website described the superior multi-language technical support as follows: “We speak the languages of our customers. We currently offer multi-lingual 24/7/365 user support in six languages: English, Japanese, Mandarin, Korean,

1 Spanish, Russian and Hindi. As our user base grows we will be adding to this list to  
2 ensure all of our users' questions or concerns can be addressed."

3  
4 25. The website described the superior technical team as "the world's best  
5 developers, coders and mathematicians who have diverse experiences in all niches  
6 related to DLTs and cryptography."

7  
8 26. The website identified GexCrypto's "trusted, reliable, and experienced"  
9 leadership team to include Ryn and three additional "co-founders": the two India-  
10 based developers Ryn had hired online, who were identified as the "CTO" and  
11 "Director of Operation," and a third individual, the owner of a construction business,  
12 who had made an early investment in GexCrypto.

13  
14 27. The website identified GexCrypto's Board to include a head of "PR &  
15 Communications." This individual, whose background was in engineering, asked  
16 Ryn why he was listed as head of PR when he had no experience and was not  
17 performing that role. Ryn told him not to worry.

18  
19 28. The GexCrypto website also contained a link to a promotional YouTube  
20 video about GexCrypto, which Ryn had hired a videographer to produce. In the  
21 video, actors discussed the revolutionary nature of blockchain technology and  
22 GexCrypto's role in it. The video repeated many of the same claims as on  
23 GexCrypto's website about its superior technology and services.

24  
25 29. For example, one actor described GexCrypto as "the most advanced  
26 cryptocurrency trading platform" and "totally unique from the rest of the market."  
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1 The actor further articulated what set GexCrypto apart: “Most of the trading  
2 platforms over the internet offer either coin or platform, but we offer a blend of both.  
3 Yes, coin and trading platform under one single roof. Secondly, we offer the world’s  
4 first fully implemented user service.”  
5

6 30. Along with the actors, Ryn appeared in a segment of his own in the  
7 video. In Ryn’s segment, he highlighted the expertise of GexCrypto’s management:  
8 “We all have been a part of the crypto community since its inception and are  
9 successful entrepreneurs in several different market segments. We have more than 50  
10 years of experience in management, risk analysis, compliance, and empower other  
11 users of new underlying technology such as blockchain.” Ryn also emphasized  
12 GexCrypto’s “one hundred percent unique, innovative, and technically superior”  
13 trading platform and GexCrypto’s mission “to deliver the highest possible level of  
14 service to our users,” as well as “demonstrate[ing] an invincible technology  
15 leadership that will undoubtedly make GexCrypto an unsurpassed leader in the world  
16 of ecurrency,” that may “unite the entire globe under one comprehensive trading  
17 platform.”  
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22 31. The video further portrayed GexCrypto’s purported “world’s first fully  
23 implemented concierge service” by showing a call bank of personnel answering  
24 telephone calls.  
25

26 **B. Ryn Conducts an ICO of GexCoins**  
27

28 32. In late 2017 and early 2018, Ryn created and sold GexCoin, a digital

1 token issued by GexCrypto. As described throughout this Complaint, Ryn and  
2 GexCrypto pooled the funds raised from investors from the offers and sales of  
3 GexCoin in a common enterprise to build GexCrypto's trading platform, and  
4 investors had a reasonable expectation of profits based on the efforts of GexCrypto's  
5 management and technical team.  
6

7  
8 33. GexCrypto solicited investors in a so-called "Initial Coin Offering" or  
9 "ICO" via GexCrypto's social media accounts and website, including through a  
10 White Paper published in or around November 2017 on GexCrypto's website. Ryn  
11 also personally solicited individual investors as described more fully below. Ryn's  
12 and GexCrypto's solicitation of investors for the ICO was specifically directed at  
13 U.S. investors.  
14

15  
16 34. As with GexCrypto's website, the White Paper presented GexCrypto as  
17 a fully-operational trading platform. For example, the White Paper described  
18 GexCrypto as "offer[ing] benefits and returns, above and beyond any other exchange  
19 currently available" and that "[t]he Gex platform caters to both new and seasoned  
20 traders with proprietary guided assistance tools to help users make educated  
21 investment decisions."  
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23  
24 35. Similarly, the White Paper described the existing security features that  
25 the GexCrypto trading platform offered, including: (i) "two-factor authentication;"  
26 (ii) "advanced verification software that maintains and monitors the integrity of the  
27 account;" and (iii) "withdrawal protection," which "makes the withdrawal process  
28

1 completely protected from unauthorized accesses.”

2       36. The White Paper also highlighted GexCrypto’s management and  
3 technical team as “the most trusted, reliable and experienced crypto veterans,” who  
4 “have been part of the Cryptocurrency community since its inception,” and have a  
5 “deep understanding of the cryptocurrency market and its distribution worldwide.”  
6

7       37. The terms of the GexCoin ICO were described on GexCrypto’s website  
8 and in the White Paper. According to the White Paper, 50 million GexCoins were to  
9 be issued in the ICO’s pre-sale phase and 290 million GexCoins in the ICO phase.  
10 During the pre-sale stage (November 11, 2017 – December 10, 2017), investors could  
11 invest in GexCoins at a discounted price. If investors invested in the ICO before  
12 November 14, 2017, they also would receive “30% extra coin.” After the pre-sale,  
13 investors could still purchase GexCoins, but at a higher price (during the pre-sale, 1  
14 Bitcoin purchased 50,000 GexCoin, whereas afterward, 1 Bitcoin purchased 40,000  
15 GexCoin).  
16

17       38. The White Paper explained the returns that investors in the ICO would  
18 make as follows: “[b]y taking part in the campaign (pre-ICO/ICO) participants will  
19 receive an 8% return (after all relative fees and expenses are deducted) of the total  
20 trading revenue generated over a 24-hour span.” The White Paper further explained  
21 mechanically how investors were to be paid their returns as follows: “The funds (in  
22 the form of GexCoin) will be distributed to the investors’ wallet via smart contract  
23 upon the completion of every 24-hour period.”  
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1           39. The White Paper also represented that upon completion of the ICO,  
2 GexCoins would be “listed on four leading trading platforms.”

3  
4           40. The GexCrypto website contained the following disclaimer: “While  
5 most participants of any citizenship can join the ICO, unfortunately we are unable to  
6 accept participation from citizens or residents of the United States, Canada, China,  
7 and Taiwan due to existing regulations in their respective countries.” However,  
8 GexCrypto’s website was not restricted in any way and was accessible to U.S.  
9 investors. Further, Ryn’s and GexCrypto’s solicitation of investors in GexCrypto and  
10 the ICO was specifically targeted to U.S. investors, as described below.  
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13           41. In addition to being advertised on the GexCrypto website, the ICO was  
14 advertised and promoted on Facebook, Twitter, Bitcointalk, and other social media  
15 platforms. In order to generate additional interest in the ICO, GexCrypto hired a  
16 group of online promoters via a Bitcointalk “bounty campaign,” paying them in  
17 GexCoin to hype the GexCrypto ICO via their own social media channels multiple  
18 times each day. As a limited-time promotion, investors who signed up on the  
19 gexcrypto.io website or who joined the GexCrypto Telegram group were also offered  
20 free GexCoins.  
21  
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23

24 **II. Ryn Solicits Individual Investors for**  
25 **GexCrypto from the Filipino Community**

26           42. In addition to GexCrypto’s online solicitations, from approximately  
27 October 27, 2017 through December 26, 2017, Ryn also directly solicited and  
28

1 recruited individual U.S. investors for GexCrypto and GexCoins through in person  
2 meetings and via Skype and telephone calls. During these solicitations, Ryn also  
3 directed investors to the GexCrypto website.  
4

5 43. As part of these solicitations, Ryn hosted and attended meetings around  
6 Orange County, California. As part of his efforts to portray GexCrypto as a  
7 successful operational business, Ryn handed out GexCrypto branded merchandise.  
8

9 44. At these meetings to promote GexCrypto and the ICO, Ryn walked  
10 through the proposed project, how to invest, and the discounts available for early  
11 investing. During these meetings, Ryn consistently touted the profitability and safety  
12 of investing in GexCrypto and GexCoins.  
13

14 45. Ryn gained entrée to this group of investors through his initial contact  
15 with Investors 1 and 2, who Ryn met in October 2017 at a “meet up” event in Irvine,  
16 California for people interested in cryptocurrency. Investor 1 wanted to supplement  
17 his retirement income so that he was not dependent on social security. Investor 2 was  
18 a home health aide who was seeking financial stability and to build a college fund for  
19 her children. Investors 1 and 2, who are also Filipino, went to dinner with Ryn where  
20 they discussed their multilevel marketing business for investing in cryptocurrency,  
21 and Ryn told them about GexCrypto. Despite their involvement in the multilevel  
22 marketing business, Investors 1 and 2 had no background in cryptocurrency or digital  
23 technology.  
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28 46. Following this meeting, Investors 1 and 2 introduced Ryn to friends and

1 acquaintances in the Filipino community, who, like them, ultimately invested in  
2 GexCrypto. These investors included Investor 3—Investor 1’s daughter—Investor  
3 4—the godmother to Investor 2’s daughter—and a number of retirees.

5 47. In one meeting at Investor 2’s apartment on or around October 27, 2017,  
6 Ryn pitched the investment to Investor 4 and Investor 5, both of whom were looking  
7 for stable income for retirement. Investor 4 understood from Ryn that if she  
8 invested, she would earn a percentage of profits from trading and mining of  
9 cryptocurrency. She further understood that if she invested early, she would get “a  
10 lot” of extra tokens.  
11

12 48. Based on Ryn’s representations at the meeting on or around October 27,  
13 2017, both Investor 4 and Investor 5 decided to invest. Investor 4 invested \$9,000 in  
14 cash, which she borrowed from her credit union, and Investor 5 invested \$10,000 in  
15 cash, which he had from the sale of a home in the Philippines. Both investments were  
16 recorded by hand, as well as those of other investors, on a hand-written “GexCrypto”  
17 ledger provided by Ryn and safeguarded by Investor 2.  
18

19 49. During these meetings with prospective investors, Ryn touted the  
20 profitability and safety of investing in GexCrypto, telling potential investors that their  
21 investments would double or triple in a short period of time. For example, Investors  
22 4 and 5, both understood after the meeting on or around October 27, 2017, that their  
23 investments would multiply in a few months and that Ryn would return their entire  
24 investment. Following her investment, Investor 4 texted with Ryn about GexCrypto,  
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1 writing to Ryn on November 7, 2017 “Praying to God the GEX will Prosper” with  
2 Ryn responding the same day “It will for sure sis” (translated from Tagalog).

3  
4 50. In late October 2017, Ryn met via a video chat with Investor 6, a retiree  
5 looking for a steady and reliable investment to enhance her retirement funds, and  
6 Investor 7, a retiree also looking to supplement her retirement income, to discuss  
7 investing in GexCrypto. Again, Ryn touted the profitability and safety of investing in  
8 GexCrypto. Ryn stated that GexCrypto tokens were currently worth \$0.06 and that as  
9 the price of the tokens increased, so would the investors’ returns. Ryn also told  
10 Investors 6 and 7 that if they invested prior to the deadline in mid-November 2017,  
11 they would get an extra 30% bonus in tokens on their investment. Ryn further told  
12 Investor 6 she would be rich and could buy a car since her car was always breaking  
13 down. Based upon Ryn’s representations and in order to receive bonus tokens, in  
14 early November 2017, Investor 6 invested \$7,000 in cash in GexCrypto and Investor  
15 7 invested \$6,170 in cash and Bitcoin in GexCrypto.

16  
17 51. Ryn also promised certain investors stock in GexCrypto, although such  
18 stock certificates were never issued. On October 15, 2017 and October 29, 2017, Ryn  
19 sent Investors 2 and 6, respectively, a copy of what a GexCrypto stock certificate  
20 purportedly looked like. The undated, unsigned certificate identified GexCrypto  
21 Trading Corp. as incorporated under the laws of Nevis and authorized to issue 1,000  
22 shares registered stock.

23  
24 52. Ryn only accepted investments in cash or crypto assets, telling investors

1 that ICOs can only be invested in via cash or crypto assets. The majority of investors  
2 solicited in person paid Ryn in cash. Ryn raised just over \$371,000 in cash and 2  
3 Bitcoins from 25 GexCrypto and GexCoin investors.  
4

### 5 **III. Material Misrepresentations to GexCrypto Investors**

6 53. As described above, Ryn and GexCrypto made materially false  
7 representations to investors online via the website and the White Paper and in-person  
8 to individual investors about the operations of GexCrypto, GexCrypto's experienced  
9 management team, and GexCrypto's guaranteed returns.  
10

11 54. Ryn and GexCrypto knew or were reckless in not knowing that these  
12 misrepresentations were false.  
13

14 55. Despite portraying GexCrypto as an operational, world-class trading  
15 platform with superior service and technology, the GexCrypto platform was never  
16 built and was never operational. Accordingly, it had none of the features described in  
17 detail on the website, in the White Paper, in the YouTube video, and by Ryn, such as  
18 user-support in six languages and enhanced security features.  
19

20 56. GexCrypto's expert team of "the most trusted, reliable and experienced  
21 crypto veterans" as described in GexCrypto's White Paper and portrayed on  
22 GexCrypto's website did not exist. As described above, GexCrypto's purported  
23 "CTO" (Chief Technology Officer) and GexCrypto's purported "Director of  
24 Operation" were the two India-based developers Ryn met and hired online. Ryn's  
25 purported GexCrypto "co-founder," the owner of a construction business, was merely  
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1 an early investor who also had no experience in the crypto industry.

2 57. Ryn admitted in SEC testimony that the trading platform never existed  
3 and that the depictions in the YouTube video on GexCrypto's website were false, but  
4 that the video was published on GexCrypto's website because he thought it "look[ed]  
5 kind of cool."  
6

7 58. Ryn's promises to investors of profits from the trading business,  
8 including representations in the White Paper that investors would receive an "8%  
9 return [ ] of the total trading revenue generated over a 24-hour span" and  
10 representations to individual investors that their investments would double or triple,  
11 were false. The trading platform did not exist.  
12

#### 13 **IV. The Crypto Asset Mining Investment**

14 59. At the same time Ryn was pitching his fake trading platform to  
15 investors, he offered the same group of Filipino investors another prospect to make  
16 money by investing in a purported crypto asset mining business ("the Mining  
17 Operation"). Ryn told investors that he would pool their money to purchase mining  
18 equipment, and they would be paid investment returns based upon the amount of  
19 Ethereum mined.  
20

21 60. Before a technological change in the Fall of 2022, the "ethereum" block  
22 chain validated new blocks or transactions via a process known as "Mining,"  
23 whereby computers connected to the network could attempt to solve complex  
24 computational problems required to validate a new block, in exchange for rewards in  
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1 the form of “Eth,” the crypto asset that is the “native token” to the Ethereum  
2 blockchain. This process, known as “mining,” requires significant computational  
3 power, including potentially significant electrical power  
4

5 61. The investments in the purported crypto asset mining business were  
6 investment contracts and therefore securities.  
7

8 62. Investor 1, now deceased, was particularly interested in learning more  
9 about cryptocurrency and how to make money in the crypto world. Beginning in  
10 November 2017, Ryn and Investor 1 began discussing, including through text  
11 messages, the potential mining business and the computer equipment needed to run  
12 the mining business, as well as the need for investors to fund this potential mining  
13 business. For example, on November 20, 2017, Ryn texted Investor 1: “Elder  
14 brother, let’s push for the big investors. Ethereum is about to take off” (partially  
15 translated from Tagalog).  
16  
17

18 63. After searching for several weeks for locations to house the Mining  
19 Operation, it was ultimately decided to set up the operation in Investor 1’s garage.  
20 Although housed at Investor 1’s home, Ryn oversaw all aspects of the Mining  
21 Operation, including, collecting investor funds, purchasing the equipment, instructing  
22 Investor 1 regarding the equipment, and responding to Investor 1’s frequent texts  
23 with questions about how to operate the machines. Similarly, in March 2018, after  
24 Investor 1 passed away, Ryn instructed Investor 1’s daughter – Investor 3 – how to  
25 operate the machines. All investors in the Mining Operation relied entirely on Ryn’s  
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1 efforts for the enterprise to succeed, and Investors 1 and 3 acted solely at Ryn's  
2 direction.

3  
4 64. Ryn recruited investors for the Mining Operation through in-person  
5 meetings, telephone calls and text messages.

6  
7 65. For example, on November 20, 2017, Ryn texted Investor 6, writing  
8 "Are you familiar with mining ma'am?" (translated from Tagalog). She responded  
9 "not yet" (translated from Tagalog), and he followed up by sending her images of  
10 mining equipment.

11  
12 66. During a video chat with Investors 6 and 7 in November 2017, Ryn  
13 pitched the mining investment in more detail. Ryn told them that if they invested  
14 with him, he would use their money to buy crypto mining equipment and that the  
15 investment provided a guaranteed return, since the mining happens around the clock.  
16 Ryn declared that the minimum investment was \$100,000, and he promised that their  
17 monthly returns would be \$10K, \$15K, \$20K or even \$50K, a promise Ryn repeated  
18 to other investors. Investor 6 understood from the conversation with Ryn that she  
19 would be able to withdraw her original investment after three months and leave the  
20 profits with Ryn, which he would use to buy more equipment. Ryn told her the  
21 additional equipment would increase both the mining capacity and her future returns.  
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25 67. Ryn's promises of guaranteed returns to investors in the Mining  
26 Operation were false. By mid-December, Ryn had purchased some crypto mining  
27 equipment, but only some of it was operational. Moreover, the business was not  
28

1 generating the profits that Ryn was promising to investors – a minimum of \$10,000  
2 per month. No profits were ever distributed to investors.

3  
4 68. Ryn again only accepted cash from investors for the Mining Operation,  
5 some of whom were in Northern California. As a result, on multiple occasions Ryn  
6 drove from Irvine to San Francisco to pick up large amounts of cash from investors,  
7 including on January 6, 2018, when he collected \$48,000 in cash from Investor 7 and  
8 in a trip on or around February 22 – February 24, 2018, Ryn collected an additional  
9 \$100,000 in cash from Investor 6. Upon Investor 7's insistence, Ryn signed a receipt  
10 acknowledging the \$48,000 investment.  
11  
12

13 69. Ryn showed up to pick up Investor 6's payment in February 2018 in his  
14 Maserati, allowing Investor 6 and other investors to take pictures of themselves with  
15 the car. Ryn sent copies of these photos to various investors.  
16

17 70. Ryn raised at least \$448,500 from seven investors for the Mining  
18 Operation. Investor 1 took out a \$200,000 home equity loan and sold property in the  
19 Philippines in order to invest in the Mining Operation. Investor 2 used the funds she  
20 was saving for her children's college education to invest \$100,000. When Investor 5  
21 told Ryn he had no more money to invest in the Mining Operation, Ryn tried to  
22 convince him to hand over the deed to a property he owned in the Philippines.  
23 Investor 6 took out a \$90,000 home equity loan in order to make a \$100,000  
24 investment in the Mining Operation. Investor 7 withdrew \$48,000 from her 401K to  
25 invest in the Mining Operation.  
26  
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1           71. At the same time that Ryn was obtaining money from investors in cash  
2 for GexCrypto, GexCoins and the Mining Operation, he made several large purchases  
3 of luxury items in cash, including a \$52,000 Maserati in November 2017, a vacation  
4 to Hawaii with his family in December 2017, and a \$7,000 Rolex watch in March  
5 2018.  
6

7           72. After obtaining money from the Mining Operation investors, Ryn  
8 engaged in lulling conduct by making multiple additional material misrepresentations  
9 to investors regarding the business. These include Ryn telling investors he: (1) was  
10 moving the mining business to Las Vegas because of lower electricity costs; (2) had  
11 been visiting and researching locations in Las Vegas, including a solar farm; and (3)  
12 had ultimately secured a warehouse in Las Vegas for the Mining Operation. These  
13 statements regarding moving the Mining Operation to Las Vegas were false – Ryn  
14 did not visit any locations in search of a location and never secured a space in Las  
15 Vegas.  
16  
17  
18  
19

20           73. Ryn knowingly or recklessly made these material misrepresentations to  
21 investors.  
22

23 **V. Defendants' Continued Deception and Misrepresentations**

24           74. When none of the promised returns for GexCrypto and the Mining  
25 Operation materialized, investors began pressing Ryn for information regarding their  
26 investments.  
27

28           75. In order to keep the fraud from being exposed, Ryn knowingly or

recklessly engaged in additional deception and lies. These include: (1) creating and distributing a worthless new digital coin to investors that Ryn passed off as a GexCoin; (2) telling investors he was traveling to the Philippines to meet with Filipino regulators about GexCrypto; and (3) providing a fraudulent bank statement to two investors as proof that their promised investment distribution was forthcoming.

**A. Ryn Provided Alternative, Worthless Tokens**

76. In the spring of 2018, as investors repeatedly questioned Ryn for updates regarding their investments, and with no promised returns to pay investors from either GexCrypto or the Mining Operation, Ryn created a second token “GeXCHANGE.”

77. GeXCHANGE is a unique digital token existing on a separate smart contract than GexCoin. Ryn learned how to make the tokens from searching the internet for how to create a digital token days before distributing the coins to investors.

78. Despite the fact that the GeXCHANGE token was a completely different token than the GexCoin, Ryn passed the GeXCHANGE token off as the GexCoin, including that the GeXCHANGE tokens were investors’ promised distributions from GexCrypto and the Mining Operation and that the GeXCHANGE tokens had the same value as the GexCoin.

79. Ryn made a large distribution of the GeXCHANGE tokens to Investor 3, who distributed them to the other investors following Ryn’s instructions.

1           80. For example, on April 18, 2018, Ryn texted Investor 3 with instructions  
2 regarding how to distribute the GeXCHANGE tokens to investors and how many  
3 tokens each investor should receive based upon the amount of their investments in  
4 GexCrypto and the Mining Operation. Ryn never told Investor 3 that the tokens he  
5 was directing her to distribute to investors were not GexCoins, but GeXCHANGE  
6 tokens instead.  
7  
8

9           81. On April 19, 2018, Ryn distributed 20,000 GeXCHANGE tokens to  
10 Investor 6's cryptocurrency wallet and informed Investor 6 that it had been done.  
11 Ryn never told Investor 6 that the 20,000 tokens he distributed were GeXCHANGE  
12 tokens and not GexCoins.  
13

14           82. Ryn continued distributing and having the GeXCHANGE tokens  
15 distributed, over 8.5 million GeXCHANGE tokens, to investors into at least June  
16 2018 without informing them that they were not GexCoins.  
17

18           83. Ryn made representations earlier to investors regarding the value of the  
19 GexCoin, including, for example to Investor 6 on April 16, 2018 that 1,000 GexCoin  
20 were worth "\$110 right now. 300,000 gex equals \$33k," and to other investors that  
21 the GexCoin was worth \$0.11, when distributing the GeXCHANGE tokens to  
22 investors. These statements were materially misleading as Ryn never informed them  
23 that those purported values did not apply to the GeXCHANGE tokens, because it was  
24 not the same token.  
25  
26  
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1           **B.     Ryn's Fake Trip to the Philippines**

2           84.     In the spring of 2018, as investors continued to press Ryn for updates  
3  
4 regarding their investments, Ryn told investors that he was traveling to the  
5 Philippines to discuss registering the trading platform with the Central Bank of  
6 Philippines and the Filipino securities regulators.

7  
8           85.     For example, on May 3, 2018, Ryn texted Investor 6, writing “I will be  
9 in the Philippines next week for gexcrypto to talk to the SEC for the exchange”  
10 (translated from Tagalog). Ryn further explained in the same text message chain with  
11 Investor 6 that there would not be any distributions from the Mining Operation that  
12 month because the operation would be delayed while he was in the Philippines.

13  
14           86.     Similarly, on May 2, 2018, Ryn texted Investor 4, “Going to Philippines  
15 next -week to talk with security and exchange commission then central bank of  
16 philippines to present the trading platform. This very good news for all of us.” In a  
17 May 8, 2018 text message told Investor 4 that he was on a “4 pm flight [out of] John  
18 Wayne airport” and flying “United to Hawaii then Hawaii airline to Manila.”  
19  
20

21           87.     Later in May, when investors reach out for updates, in response, they  
22 received texts purportedly from Ryn’s son that his father has been hospitalized in  
23 Manila and would not be home until the following week.  
24

25           88.     Ryn’s statements to investors regarding his trip to the Philippines and his  
26 meetings with Filipino regulators about GexCrypto were false, which Ryn admitted in  
27 SEC testimony. Ryn also admitted in testimony that he does not even have a valid  
28



1 passport to travel abroad.

2 **C. Ryn Falsified a Bank Statement**  
3 **and Provided It to Certain Investors**

4 89. Ryn's deceit to investors culminated in his creating and distributing a  
5 fraudulent bank statement to two investors, Investors 6 and 7, to try to convince them  
6 that after repeated delays in payment, the investors' distribution of profits was on the  
7 way.  
8

9 90. Upon request from Ryn and in order for Ryn to make her and Investor  
10 7's promised, but yet unpaid, monthly mining distribution, on July 4, 2018, Investor 6  
11 provided Ryn via text with bank account information for her and Investor 7. The next  
12 day, Ryn replied to Investors 6 and 7 that he had received the bank information and  
13 the distribution was coming "tomorrow."  
14

15 91. After not receiving the distribution as promised, Investor 6 continued to  
16 press Ryn as to where it was. In response, on July 7, 2018, Ryn texted Investor 6 that  
17 the distribution would be made on Monday, July 9, 2018 around noon. When the  
18 distribution still had not been made by that date, Investor 6 again followed up with  
19 Ryn. Ryn initially told Investor 6 via text on July 9, 2018 that he would make the  
20 deposit later that day. However, later that day, Ryn informed Investor 6 that he could  
21 not make the deposit because "Ma'am Chase doesn't accept non customer deposit.  
22 They don't allow. You can call your bank to verify it. I have Citibank" (partially  
23 translated from Tagalog). Ryn informed Investor 6 that the following day, he would  
24  
25  
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28

1 open a Chase bank account and make the deposit.

2 92. Ryn's representation to Investor 6 that he had a bank account at Citibank  
3 was false. At the time, Ryn did not have any bank accounts because of his history of  
4 bouncing checks. However, Ryn had access to his son's bank account at Chase. Ryn  
5 put that access to use, emailing to himself on July 10, 2018, a copy of a recent bank  
6 statement from his son's Chase bank account. The account statement showed that the  
7 account was overdrawn by \$161.47.  
8

9 93. That day, Ryn altered the same bank statement in order to reflect that (i)  
10 he was the account holder; (ii) the address on the account was his previous address in  
11 California, rather than his current one in Las Vegas where he was living with his son  
12 and other family members; and (iii) a pending deposit of \$125,000.  
13

14 94. Later on July 10, 2018, Ryn sent an image of the fraudulent bank  
15 statement via text to Investor 6, telling her that once the \$125,000 deposit cleared he  
16 would make an online transfer to her and Investor 7.  
17

18 95. When the promised online transfer did not occur, Investor 6 again  
19 followed up with Ryn via texts on July 11 and July 15, asking when the transfer  
20 would be completed. Ryn repeated his lies, telling Investor 6 "Don't you worry. It  
21 should be good tomorrow" (translated from Tagalog).  
22

23 96. In an additional lie to Investors 6 and 7 about the promised payment, on  
24 July 16, 2018, Ryn texted them to say that the transfer "was done [at] midnight,"  
25 (translated from Tagalog) and to thank them for waiting.  
26  
27  
28

1           97. No transfer was ever made to Investors 6 and 7. Neither Investors 6 and  
2 7 nor any of the other investors received any distribution of profits from their  
3 investments in either the Mining Operation or GexCrypto.  
4

5 **VI. The GexCrypto, GexCoin, and**  
6 **Mining Operation Investments Were Securities**

7           98. The investments in GexCrypto, GexCoin, and the Mining Operation  
8 were investment contracts and therefore securities, the offer or sale of which was not  
9 registered with the Commission, as required by the federal securities laws. Neither  
10 the GexCrypto nor GexCoin securities were exempt from registration.  
11

12           99. GexCrypto and GexCoin investors tendered cash and crypto assets into  
13 a common enterprise, with the reasonable expectation that they would receive a profit  
14 based upon Ryn's and the GexCrypto team's running of a successful crypto asset  
15 trading platform and based upon Ryn's overseeing of a successful mining operation.  
16 Investments in GexCrypto, including through the purchase of GexCoins—which  
17 embodied the investment opportunity into GexCrypto's trading platform business and  
18 as such were offered and sold as investment contracts and therefore securities as that  
19 term is defined under Section 2(a)(1) of the 33 Act—were repeatedly described and  
20 marketed as “investments.” Investments in the Mining Operation were similarly  
21 marketed as an opportunity to profit from Ryn's oversight of the Mining Operation  
22 which included Ryn's pooling of investor funds for the purchase of mining  
23 equipment, and distributing profits to investors to investors based upon the amount of  
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**COUNT I**

104. By engaging in the foregoing conduct, GexCrypto and Ryn violated, and unless restrained and enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

**COUNT II**

**Fraud in Violation of Section 17(a) of the Securities Act**

105. The SEC realleges and incorporates by reference paragraphs 1 through 100, inclusive, as if they were fully set forth herein.

106. By engaging in the conduct described above, Defendants, and each of them, directly or indirectly, in the offer or sale of securities, and by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails directly or indirectly: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of a material fact or by omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

107. By engaging in the conduct described above, Defendants each violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

**COUNT III**

**Fraud in Violation of Section 10(b) of the Exchange Act and Rule 10b-5**

108. The SEC realleges and incorporates by reference paragraphs 1 through 100, inclusive, as if they were fully set forth herein.

109. By engaging in the conduct described above, Defendants, and each of

1 them, directly or indirectly, in connection with the purchase or sale of a security, and  
2 by the use of means or instrumentalities of interstate commerce, of the mails, or of  
3 the facilities of a national securities exchange: (a) employed devices, schemes, or  
4 artifices to defraud; (b) made untrue statements of a material fact or omitted to state a  
5 material fact necessary in order to make the statements made, in the light of the  
6 circumstances under which they were made, not misleading; or (c) engaged in acts,  
7 practices, or courses of business which operated or would operate as a fraud or deceit  
8 upon other persons.

9  
10  
11  
12 110. By engaging in the conduct described above, Defendants each violated,  
13 and unless restrained and enjoined will continue to violate, Section 10(b) of the  
14 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

15  
16 **RELIEF REQUESTED**

17 **WHEREFORE**, the Commission respectfully requests the Court find that  
18 Defendants committed the violations charged and that, as a result of these violations,  
19 Defendants received ill-gotten gains; and enter judgments:

20  
21 **I.**

22 **Permanent Injunctions**

23  
24 Permanently restraining and enjoining Defendants, their officers, agents,  
25 servants, employees, attorneys, and all persons in active concert or participation with  
26 them, and each of them, from directly or indirectly violating the federal securities  
27 laws alleged in this Complaint; and further permanently restraining and enjoining  
28

1 Defendant Ryn, his officers, agents, servants, employees, attorneys, and all persons in  
2 active concert or participation with him, and each of them, from directly or indirectly,  
3 including, but not limited to, through any entity owned or controlled by him,  
4 participating in the issuance, purchase, offer, or sale of any security, provided  
5 however, that such injunction shall not prevent him from purchasing or selling  
6 securities for his own personal account.  
7  
8

## 9 II.

### 10 **Disgorgement**

11  
12 Ordering Defendants to disgorge on a joint and several basis, with prejudice  
13 interest, the net profits they received from their ill-gotten gains as a result of the acts  
14 or courses of conduct alleged in this Complaint, pursuant to Section 21(d)(7) of the  
15 Exchange Act [15 U.S.C. § 78u(d)(7)].  
16

## 17 III.

### 18 **Penalties**

19  
20 Ordering Defendants to pay on a joint and several basis civil penalties pursuant  
21 to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the  
22 Exchange Act [15 U.S.C. § 78u(d)(3)];  
23

## 24 IV.

### 25 **Officer and Director Bar**

26 Prohibiting Defendant Ryn from acting as an officer or director of any issuer  
27 that has a class of securities registered with the Commission pursuant to Section 12 of  
28

the Exchange Act [15 U.S.C § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C § 78o(d)], pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C § 78u(d)(2)].]; and

## V.

### **Further Relief**

Granting such other and further relief as the Court determines to be necessary and appropriate.

## VI.

### **Retention of Jurisdiction**

Further, the Commission respectfully requests the Court retain jurisdiction over this action and over Defendants in order to implement and carry out the terms of all orders and decrees that may hereby be entered, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Dated: February 6, 2023

Respectfully submitted,

/s/ James M. Carlson

JAMES M. CARLSON

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